

**THE CHANCERY COURT FOR LEWIS COUNTY  
AT HOHENWALD, TENNESSEE**

**IN RE:**

**SENTINEL TRUST COMPANY**

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**NO. 4781**

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**MOTION FOR APPROVAL OF FINAL DISTRIBUTION TO BONDHOLDERS ON THE  
HERNANDO COUNTY, FLORIDA BOND ISSUE AND THE CLOSING OF MATTERS  
RELATING TO THAT ISSUE SAVE THROUGH THE PROOF OF CLAIM PROCESS**

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**I. INTRODUCTION**

Sentinel Trust Company, in Liquidation (“Sentinel Trust”), moves the Court 1) to approve final distribution on the Hernando County, Florida First Mortgage Revenue Bonds, Series 1998A/1998B/1998C (Brooksville Heights Adult Community Project) (“Hernando County Bond Issue”) and 2) to close all matters regarding claims of Hernando County Bond Issue bondholders save through the pending Sentinel Trust proof of claim process. This Motion is filed and approval of the Court is sought pursuant to T.C.A. § 45-2-1504(a).

**II. FACTUAL BACKGROUND**

The Hernando County Bond Issue was issued in 1998 to provide funds to refurbish an assisted living facility in Hernando County, Florida. The Hernando County Bond Issue fell into default in 2001, which, in turn, gave rise to Sentinel Trust’s filing an action, in August 2001, seeking appointment of a receiver over the collateral standing behind the bonds.<sup>1</sup> Soon thereafter (i.e., September 2001), Atlantic Community Care, Inc., the borrower in the Hernando County

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<sup>1</sup> Sentinel Trust Company v. Atlantic Community Care, Inc., No. 8:01-CV-1653-27EAJ (M.D. Fla.).

Bond Issue, filed bankruptcy.<sup>2</sup> From that point, the proceedings concerning the default of the Hernando County Bond Issue have occurred in the Atlantic Community Care bankruptcy.

Prior to the institution of this Sentinel Trust receivership, various matters had occurred in the Atlantic Community Care bankruptcy. Atlantic Community Care's plan for reorganization was confirmed in April 2003, but, throughout that timeframe and thereafter, there were issues relating to whether Atlantic Community Care was in compliance with that plan. Indeed, at the time of the institution of the Sentinel Trust receivership, a motion to dismiss the bankruptcy was pending.

Since the May 18, 2004 institution of the Sentinel Trust receivership, matters relating to the Hernando County Bond Issue have focused upon the agreement of all relevant parties to the sale of the collateral standing behind that bond issue. In late 2004, under the supervision of the Atlantic Community Care bankruptcy court, a sale and auction of the collateral (i.e., the adult assisted living facility and all the contents thereof) was conducted. On December 1, 2004, the Atlantic Community Care bankruptcy court entered an order approving of the sale for the price of \$1,425,000.00. See Order of Atlantic Community Care bankruptcy court attached as **Exhibit A**. After deduction of expenses attendant to the sale and after escrowing \$169,500.00 for possible payment of real estate taxes (see discussion infra), on January 18, 2005, the amount of \$1,147,314.50 was transferred to the Sentinel Trust receivership.

From the proceeds, an amount of \$169,500.00 was escrowed and retained in the Atlantic Community Care bankruptcy proceedings to address various property taxes which were alleged to be owed. At a recent hearing on that matter, the bankruptcy judge ruled that taxes owed

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<sup>2</sup> In Re: Atlantic Community Care, Inc., No. 01-17500-8P1 (U.S. Bkr. Ct. M.D. Fla.). The Atlantic Community Care bankruptcy proceeding also affected another bond issue to which Sentinel Trust was trustee -- City of Ft. Pierce, Florida First Mortgage Revenue Bonds, Series 1999 (Lyford Cove at Lawnwood Project) ("Ft. Pierce Bond Issue"). The Ft. Pierce Bond Issue is addressed in a separate motion filed herewith.

would be approximately \$77,000.00 and then took under advisement the issue of whether payment of that amount of taxes from the proceeds of the sale of the collateral would be allowed or whether the amount was to be paid to Sentinel Trust. The bankruptcy court has not entered an order yet, but is expected to do so in the near future. Therefore, it is the Sentinel Trust Receiver's hope that an additional \$92,500.00 to \$170,000.00 will be available for distribution to the Hernando County Bond Issue bondholders.

Former local counsel (Ms. Ginnie Van Kesteren) and the Sentinel Trust Receiver have a current dispute over fees charged by Ms. Van Kesteren which relate to services rendered both before and after the May 18, 2004 institution of the Sentinel Trust receivership. The Sentinel Trust Receiver has placed into Ms. Van Kesteren's escrow account the full amount of what Ms. Van Kesteren claims, and there is agreement to submit the dispute to the Florida Bar program designed to address such matters. The Sentinel Trust Receiver has already accounted for the appropriate portion of this escrow as an expense to the Hernando County Bond Issue, in the amount of \$8,347.51. Whatever portion, if any, of that escrowed amount that might be tendered back to the Sentinel Trust receivership will be paid to the Hernando County Bond Issue bondholders.

Due to the existence of the Atlantic Community Care bankruptcy and the opportunities afforded in that proceeding for claims to be brought by creditors and claimants relating to the Hernando County Bond Issue, the Sentinel Trust Receiver reasonably believes that there are no other creditors or claimants on the Hernando County Bond Issue, aside from the bondholders themselves.

### **III. DEDUCTION OF FEES AND EXPENSES**

The Hernando County Bond Issue documents provide that, in a default context, fees and expenses attendant to the default and the preservation and realization upon collateral were to be

deducted from the proceeds of the collateral, with the remainder to then be distributed to the bondholders. As has been referred to numerous times in this receivership, Sentinel Trust, pre-May 18, 2004, transferred large amounts of money from a SunTrust Bank pooled fiduciary account to pay for the fees and expenses that were incurred in numerous bond issue defaults, one being the Hernando County Bond Issue default. It appears from the Receiver's investigation that funds were transferred from the SunTrust Bank pooled fiduciary account such that, as of May 18, 2004, a "negative" or "overdrawn" position of \$444,747.29 existed in the SunTrust Bank pooled fiduciary account in relation to the Hernando County Bond Issue. Attached as **Exhibit B** hereto is the summary and breakdown of that amount. Through this Motion, the Receiver is requesting that the \$444,747.29 shown as having been taken from the SunTrust Bank pooled fiduciary account be paid back from the \$1,147,314.50 amount received on the Hernando County Bond Issue.

Pre- May 18, 2004, fiduciary fees and related default administration fees are shown as being owed to Sentinel Trust regarding the Hernando County Bond Issue default. Based on records available to the Receiver and its investigation, there are \$298,464.23 of pre- May 18, 2004 fiduciary fees, interest and default administration charges owed to Sentinel Trust arising from the Hernando County Bond Issue default. See Exhibit B. These fees and expenses were the charges allowed under the bond issue documents and were owed to Sentinel Trust. Through this Motion, the Receiver is requesting that the \$298,464.23 amount be taken from the \$1,147,314.50 received on the Hernando County Bond Issue. These monies would be used to fund the operations of the Sentinel Trust receivership including the Receiver's efforts to increase

the funds/assets of the receivership estate.<sup>3</sup> Moreover, if there are excess amounts in the Sentinel Trust receivership operating accounts at the time of determining final distribution to the remaining claimants and creditors, those funds will be used to increase the pro rata distributions to those claimants and creditors.<sup>4</sup>

The final component of fees and expenses relating to the Hernando County Bond Issue default are the post- May 18, 2004 fiduciary fees, counsel fees and receivership expenses/administrative expenses. The charging of post- May 18, 2004 fiduciary, default administration and related fees and charges is based on fees and charges set by the Hernando County Bond Issue documents and fee schedules, which are the same fees and expenses charged pre- May 18, 2004. These fees total \$145,006.18 (see Exhibit B). To the extent that payment of post- May 18, 2004 fiduciary fees, default administrative and related charges (which, along with funds from other sources, go to fund the operations of the Sentinel Trust receivership -- see footnote 3) result in an excess of funds at the time of determination of final distribution to then remaining claimants and creditors, those funds will be used to increase the pro rata distribution to those claimants and creditors.

Based upon the expected need for payment of residual expenses incurred in closing the Atlantic Community Care bankruptcy matters as well as the Van Kesteren fee mediation, and based on the expenses that will be incurred in the distribution of monies to the Hernando County Bond Issue bondholders, the amount of \$5,596.80 is shown as being held back from distribution to these bondholders. See Exhibit B.

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<sup>3</sup> The monies realized as fees and expenses from the Hernando County Bond Issue are only part of the monies which have provided, and will continue to provide, funds to operate the Sentinel Trust receivership. Fiduciary fees and other charges are being deducted from other default bonds and have been, and will be, realized when collateral from those other default bond issues are realized.

<sup>4</sup> The "then remaining claimants and creditors" are expected to be the claimants and creditors who/which have claims as against the shortfall in the SunTrust Bank pooled fiduciary account.

#### **IV. DISTRIBUTION TO BONDHOLDERS**

As shown in **Exhibit B**, and assuming approval of the deductions of fees and expenses requested herein, the amount that remains yields a distribution to the Hernando County Bond Issue bondholders of 5.07¢/\$1.00. If the additional \$92,500.00 to \$170,000.00 that is currently escrowed in the Atlantic Community Care bankruptcy is released to the Sentinel Trust Receiver, that distribution could increase by 1.85¢ to 3.40¢ per \$1.00.

#### **V. ARGUMENT IN FAVOR OF DISTRIBUTION TO BONDHOLDERS AND PAYMENT OF FEES AND EXPENSES AS SET FORTH HEREIN**

Five and 07/100 cents on the dollar (or even 8.47 cents on the dollar if all of the additional escrowed amount is tendered to the Receiver) is not good. But, unfortunately, that poor yield appears to be more the result of investing in an assisted living facility that opened at a time when supply was in excess in the area and the lack of any significant interest, post-default, in purchasing the facility (with various deferred maintenance issues apparent), as opposed to the poor yield being the result of the amounts which are shown as being deducted from the collateral proceeds. The \$444,747.29 amount, which reflects monies taken from the SunTrust Bank pooled fiduciary account should be placed back into that account to help address the shortfall in that account. The amounts of fiduciary fees, default administration fees and other attendant charges are based upon the fees and expenses allowed by the bond issue documents and published fee/charge schedules. As mentioned earlier, these fees and expenses (along with funds from many other sources) are funding the operations of Sentinel Trust receivership including the efforts to further recover funds and to grow the assets of the receivership estate. Any excess monies at the end of the receivership will be distributed to the then remaining creditors and claimants. Accordingly, the Receiver urges the Court to approve the distribution of monies

received from the sale of the Hernando County Bond Issue collateral as set forth in **Exhibit B** hereto.

**VI. REQUEST FOR COURT TO ORDER THAT PAYMENT OF PROPOSED  
DISTRIBUTION TO BONDHOLDERS EXTINGUISHES ALL CLAIMS AS AGAINST  
SENTINEL TRUST SAVE THROUGH THE PROOF OF CLAIM PROCESS**

The Receiver requests that, as part of the Court's Order approving the Hernando County Bond Issue distribution, the Court provide that the bondholders' recourse regarding matters relating to the Hernando County Bond Issue be limited to presenting a proof of claim in the proof of claim process. All of the current Hernando County Bond Issue bondholders known to the Sentinel Trust Receiver have received notice of, and information concerning, the Sentinel Trust proof of claim process. Attached as **Exhibit C** is the information which was sent, on January 31, 2005, from the Receiver to every known current Hernando County Bond Issue bondholder. As has earlier been stated to the Court in different contexts, it is extremely important that multiple actions by varying groups of bondholders, racing to the courthouse to gain advantage as to one another, not be allowed. Similarly, it is very important that the proof of claim process be the venue for uniform treatment of claimants under this Court's supervision and that the Receiver's pursuit of third-party claims on behalf of all claimants be allowed unimpeded. For these reasons, it is requested that the Court's Order include a provision requiring that any Hernando County Bond Issue bondholder pursue claims relating to that bond issue in the Sentinel Trust receivership through the proof of claim procedure.

**VII. NOTICE TO BONDHOLDERS**

Notice of this Motion was provided to all of the current Hernando County Bond Issue bondholders known to the Sentinel Trust Receiver. That Notice, a copy of which is attached as **Exhibit D**, was mailed on Friday, February 18, 2005, to each known current bondholder at his/her/its address as reflected in the Sentinel Trust records. That Notice informs the

bondholders of much of the contents of this Motion, informs them of when and where the hearing of this Motion is to occur, directs them to the Department of Financial Institutions website to review the full text of this Motion (including exhibits) and provides them with telephone numbers to call with questions.

### VIII. CONCLUSION

For the stated reasons, the Sentinel Trust Receiver requests that an Order of Court issue as requested herein.

Respectfully submitted,



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J. Graham Matherne, BPR #11294  
Wyatt, Tarrant & Combs, LLP  
2525 West End Avenue, Suite 1500  
Nashville, TN 37203-1423  
(615) 244-0020

*Counsel for Jeanne Barnes Bryant and  
Receivership Management, Inc., Receiver  
of Sentinel Trust Company, in Liquidation*

**THIS MOTION IS SET TO BE HEARD ON THE 28<sup>th</sup> DAY OF FEBRUARY, 2005  
AT 9:00 A.M. IN HOHENWALD, LEWIS COUNTY, TENNESSEE.**



**CERTIFICATE OF SERVICE**

This is to certify that on February 17<sup>th</sup>, 2005 copies of the foregoing Motion and Exhibits have been sent by First Class U.S. Mail, postage paid, to:

Janet M. Kleinfelter  
Senior Counsel  
Office of the Attorney General  
Financial Division  
425 5th Avenue North  
P.O. Box 20207  
Nashville, TN 37243

Carrol Kilgore  
Branstetter, Kilgore, Stranch & Jennings  
227 Second Avenue North  
4<sup>th</sup> Floor  
Nashville, TN 37201

Donald Schwendimann  
306 W. Main Street  
P.O. Box 366  
Hohenwald, TN 38462

Larry Stewart  
Stokes, Bartholomew, Evans & Petree  
424 Church Street, Suite 2800  
Nashville, TN 37219


David D. Peluso  
106 East Main Street  
Hohenwald, TN 38462

James S. Hereford, Jr.  
310 W. College Street  
P.O. Box 802  
Fayetteville, TN 37334-0802

William B. Hubbard  
Weed, Hubbard, Berry & Doughty  
SunTrust Bank Bldg., Suite 1420  
201 Fourth Avenue North  
Nashville, TN 37219

Diana M. Thimmig  
Roetzel & Andress  
1375 East Ninth Street  
One Cleveland Center, Ninth Floor  
Cleveland, OH 44114

James S. Chase  
John A. Decker  
Hunton & Williams LLP  
900 South Gay Street, Suite 2000  
P.O. Box 951  
Knoxville, TN 37901

  
\_\_\_\_\_  
J. Graham Matherne

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION

In re:

ATLANTIC COMMUNITY CARE,  
INC.,

CASE NO: 01-17500-8P1  
Chapter 11

Debtor.

**ORDER GRANTING REORGANIZED DEBTOR'S MOTION  
TO SELL SUBSTANTIALLY ALL ASSETS FREE AND CLEAR  
OF ALL LIENS, CLAIMS AND INTERESTS (TANGERINE COVE)**

THIS CASE came before the Court on November 10, 2004, upon the Reorganized Debtor's Motion to Sell Substantially All Assets Free and Clear of All Liens, Claims and Interests (Doc. 258) (the "Sale Motion") in accordance with the Confirmed Plan (Doc. 118), the Order Confirming Plan (Doc. 188) and this Court's Order on Reorganized Debtor's Motion to Sell Substantially All Assets Free and Clear of All Liens, Claims and Interests dated September 20, 2004 (Doc. 271) (the "Sale Procedures Order"). No objection was made to the Sale Motion at the hearing. The Court heard arguments and statements of counsel and accepted proffers of evidence to which no objection was made. For the reasons stated orally and recorded in open Court, the Court makes the following findings:

A. The Reorganized Debtor received sealed bids and conducted an auction on November 10, 2004, with respect to substantially all of its assets, namely, its adult living facilities (ALFs) known as Lyford Cove (located in Ft. Pierce, Florida) and Tangerine Cove (located in Brooksville, Florida).

EXHIBIT

A

This Order only concerns Tangerine Cove. A separate order will be entered concerning Lyford Cove.

B. Gerald W. Bobier, Sr. and Carl A. Larson were the Successful Bidder on Tangerine Cove with a bid of \$1,425,000.00.

C. The parties involved in the sale, including the Successful Bidder and the Reorganized Debtor, have acted in good faith as such term is used in Section 363(m) of the Bankruptcy Code and the proposed sale is the results of arms-length negotiations or bidding.

D. The Reorganized Debtor is authorized to sell substantially all of its assets related to its Tangerine Cove facility free and clear of any and all liens, claims and interests pursuant to the Confirmed Plan, the Sale Procedures Order and the Bankruptcy Code.

E. Proper notice has been given with respect to the Sale Motion and the Sale Procedures Order and no further notice is necessary or required. Based on the circumstances and to the extent necessary, the Court finds that cause exists to limit notice to the notice actually given.

Accordingly, it is -

**ORDERED, ADJUDGED AND DECREED** as follows:

1. The Sale Motion (Doc. 258) is hereby granted. Any objections are hereby overruled.

2. The Reorganized Debtor is hereby authorized to sell substantially all of its assets related to its Tangerine Cove

facility (legally described on the attached Exhibit A) (the "Assets") to Gerald W. Bobier, Sr. and Carl A. Larson, or their assigns, for a price of \$1,425,000.00 consistent with the terms of this Order, the Sale Procedures Order and any contract between the parties.

3. The Assets are sold "AS IS, WHERE IS, and WITH ALL FAULTS." The Reorganized Debtor, as seller, shall provide a special warranty deed and bill of sale at closing.

4. Consistent with the Sale Procedures Order, the Successful Bidder shall make a deposit of ten percent (10%) of the purchase price on or before the close of business on November 12, 2004. Such deposit shall be held in escrow by counsel for the Reorganized Debtor and is non-refundable in the event the Successful Bidder fails to close pursuant to this Order.

5. Upon closing and payment of the purchase price, the sale shall transfer good and marketable title to the Assets free and clear of any and all liens, claims and interests, including but not limited to, any mortgages in favor of Jeanne Barnes Bryant, as receiver for Sentinel Trust Company, indenture trustee ("Bryant"), and the liens or claims of any governmental entities, whether such liens, claims or interests are known or unknown and whether the holder of any such lien, claim or interest received actual notice of the sale, with any such liens, claims or interests attaching exclusively to the proceeds of the sale.

6. The Reorganized Debtor is authorized to pay at closing any ordinary and necessary costs of sale properly chargeable to

the seller and to satisfy at closing any liens which are not disputed. In the event of a dispute as to the extent, validity or priority of any lien, sufficient funds shall be escrowed with counsel for the Reorganized Debtor pending the resolution of any such disputed lien. The Reorganized Debtor is authorized to pay at closing the following commissions from the proceeds of sale to which Bryant is entitled:

(a) Four percent (4%) of the purchase price of the Tangerine Cove facility to Tranzon Driggers; and

(b) Three percent (3%) of the purchase price of the Tangerine Cove facility to Bobier & Associates.

Any remaining proceeds of the sale shall be paid to Bryant.

7. Such sale being in accordance with the Confirmed Plan in this bankruptcy case shall not be taxed under any law imposing a stamp tax or similar tax in accordance with Section 1146(c) of the Bankruptcy Code. To the extent necessary, a copy of this Order shall be accepted for filing in connection with the recording of the deed.

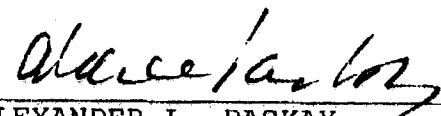
8. The Reorganized Debtor is hereby authorized to execute a special warranty deed and any other necessary documents with respect to the sale. Any holder of a lien, claim or interest against any of the Assets shall execute any and all documents necessary to effectuate the sale free and clear of all liens, claims and interests.

9. Notwithstanding Rules 6004(g) and 6006(d) of the Federal Rules Bankruptcy Procedure, this Order shall be immediately effective and enforceable upon its entry.

10. The Successful Bidder shall close within forty-five (45) days of the date of this Order. In the event that the Successful Bidder fails to timely close, its deposit shall be forfeited and the Reorganized Debtor shall be authorized to sell the Assets to Mike Howell (the "Backup Bidder") for a price of \$1,400,000.00. Upon failure to close by the Successful Bidder, the Reorganized Debtor shall give notice to the Successful Bidder and the Backup Bidder. The Backup Bidder shall make a ten percent (10%) deposit within two (2) business days of such notice and shall close within forty-five (45) days of such notice. If the Backup Bidder fails to timely close, its deposit shall be forfeited.

11. The Court reserves and retains jurisdiction to implement and enforce the sale, the terms of this Order and the Sale Procedures Order, and the right of any party to any claim against any escrowed proceeds of the sale.

**DONE AND ORDERED** at Tampa, Florida this 1 day of Dec, 2004.

  
ALEXANDER L. PASKAY  
U. S. Bankruptcy Judge

Copies:

Don Stichter, Esq.  
110 E. Madison St., Suite 200  
Tampa, FL 33602-4700

Bobier & Associates  
1510 S. Clark Ave.  
Tampa, FL 33629

Tranzon Driggers  
2780 N. Florida Ave., #7  
Hernando, FL 34442

Mike Howell  
P.O. Box 605  
Bonifay, FL 32425

Jack Marlow, Esq.  
1715 Aaron Brenner Dr.  
Suite 800  
Memphis, TN 38120

Matrix

42345.104357(#331965 v1)

Order No: 41235121CA

Reference No: 42345.104357

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**Exhibit "A"**

From a point of Howell Avenue in the City of Brooksville, Hernando County, Florida, (which street approximates more or less exactly the thoroughfare formerly known as Monroe Ferry Road), 539.00 feet Northerly along said Avenue from the point heretofore designated and known as "The Intersection of Bay Port Road and Monroe Ferry Road" run thence North  $21^{\circ}10'45''$  East along said West side of Howell Avenue 175.00 feet, to the Northeast corner of Lot 15 of the Howell Estate Division, as per plat recorded in Book CD-1, Page 94, Public Records of Hernando County, Florida; thence South  $89^{\circ}49'00''$  West, 502.55 feet to the Northwest corner of said Lot 15; thence South 162.98 feet to a point South  $89^{\circ}49'00''$  West of the Point of Beginning; thence North  $89^{\circ}49'00''$  East, 439.32 feet to the Point of Beginning, embracing all of said Lot 15 and the North 24.0 feet, more or less, of Lot 16 of said Howell Estate Division and being a part of the South 1/2 of the Northeast 1/4 of Section 22, Township 22 South, Range 19 East, and the Easterly 60.0 feet of Lots 1, 4 and 5, Block 1, of Gordy's Addition, as per plat thereof recorded in Plat Book 3, Page 13, of the Public Records of Hernando County, Florida.



*Sentinel Trust Company  
Hernando County, Florida  
First mortgage Revenue Bonds  
(Brooksville Heights Adult Community Project)  
Series  
1998A-\$4,035,000,  
1998B-\$665,000,  
1998C-\$300,000  
Default Issue*

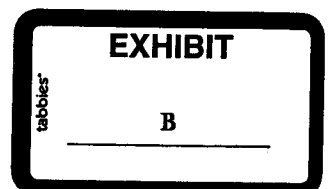
Final Accounting for Final Distribution to Hernando County, Florida  
Bondholders

**Account Summary for Hernando County, Florida**  
For the Period October 2, 2000 through May 11, 2004

Summary

Total Money Received (1/20/05 from Sale of Collateral)	\$1,147,314.50
Total Pre May 18, 2004 Payable Due Fiduciary Account	(\$444,747.29)
Pre May 18, 2004 Payable Due Sentinel Trust Company	(\$298,464.23)
Total Pre May 18, 2004 Attorney Fees Unpaid	-
Total Post May 18, 2004 Expenses Due	<u>(145,006.18)</u>
<b>Net Total Available to Bondholders</b>	<b>259,096.80</b>
 <b>Total Amount Payable to Bondholders</b>	 <b><u>(\$253,500.00)</u></b>
(Payout of \$5,000,000 X \$0.0507)	
 <b>Residual Balance for Final Expenses</b>	 <b><u><u>5,596.80</u></u></b>

2/16/2005 11:11



Sentinel Trust Company  
Hernando County, Florida  
First mortgage Revenue Bonds  
(Brooksville Heights Adult Community Project)  
Series  
1998A-\$4,035,000,  
1998B-\$665,000,  
1998C-\$300,000  
Default Issue

Page 2

Account Summary for Hernando County, Florida For Period October 2, 2000 through May 11, 2004	Bond #125
Beginning Balance	4,106.06
Accounting Expense	(160.50)
Bank Charges	(7,810.96)
Legal Expense	(352,707.42)
Printing, Copying, Postage, & Delivery expenses	(188.62)
Other Professional Fees	(53,049.37)
Filing and Recording	(781.62)
Fiduciary Fees	(6,250.00)
Default Admin. Fees	(27,904.86)
<b>Payable Due Fiduciary Account</b>	<b>(444,747.29)</b>
Fiduciary Fees	(43,750.00)
Interest Expense	(172,003.77)
Default Admin. Fees	(116,865.32)
Fees Paid	34,154.86
<b>Payable Due Sentinel Trust Company</b>	<b>(298,464.23)</b>
Account Balance May 10, 2004	(743,211.52)
Waller, Lansden, Dortch, and Davis Pre May 18, 2004 Unpaid Fees (\$0 @ 50%)	-
<b>Total Pre May 18, 2004 Attorney Fees Unpaid</b>	<b>-</b>
<b>Assessment of Fiduciary Fees for HERNANDO COUTNY, FLORIDA Post May 18, 2004</b>	
Fiduciary Fee due June 1, 2004	(6,250.00)
Fiduciary Fee due for December 1, 2004	(6,250.00)
Fiduciary Fee due through March 1, 2005	(3,125.00)
Default Administration Fees and Expenses allocated through December 31, 2004	(18,895.47)
Default Administration Fees and Expenses allocated January, 2005	(3,390.93)
Termination Fee based on Original Issue Amount:	(12,500.00)
Interest Assessment Charged to Overdrawn Accounts	(94,594.78)
<b>Total Expenses Post May 18, 2004</b>	<b>(145,006.18)</b>

2/16/2005 11:11

**Information Concerning Filing Proof of Claim**

**\$5,000,000 Hernando County, Florida (Brooksville Heights Adult Community Project), Series 1998A, 1998B and 1998C. Reportedly ("Bonds") CUSIP #427910 AK0, AL8, AM6,AN4, AP9,AQ7, AR5, AS3, AT1, AU8, AV6, AW4, AX2,AY0, and AZ7.**

Sentinel Trust Company (the "Trustee") serves as indenture trustee for this issue. Bondholders have previously been notified of the liquidation of Sentinel Trust Company, the status of the default bond and that there had been a sale of the collateral for the loan financed by the Bonds. You will receive information within the next 90 days concerning the exact par value payment that you will receive concerning your bond principal and how to surrender bonds to collect their final distribution. A separate process is required concerning any additional claims that may exist against Sentinel Trust apart from claims concerning payment for the bond principal. In order to collect on those claims, **you must file the enclosed proof of claim for any additional amounts claimed concerning your bond or as against Sentinel Trust generally.** The Receiver has no records that indicate there are any funds in a Sentinel Trust pooled fiduciary account held at the institution of the receivership at SunTrust Bank that would allow bondholders of this issue to file a claim against those funds.

The Commissioner of Financial Institutions placed Sentinel Trust Company in receivership on May 18, 2004. The Sentinel Trust receivership proceedings are pending before the Lewis County Tennessee Chancery Court (In re: Sentinel Trust Company #4781) ("Court").

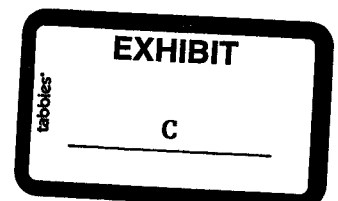
If you believe you are entitled to any additional amounts from the Sentinel Trust receivership estate other than the amount you are expecting concerning the sale of the bond collateral, please indicate the amount you are claiming and supply documentation concerning your claim. You will be advised as soon as possible after the claim filing deadline of the recommendation to the Court concerning your claim.

Based on the records of the company, the Receiver is advising all known claimants that the pooled fiduciary account could have approximately \$10,250,000 total claims against it. The amount of claims against the pooled fiduciary account will not be known with any certainty until after the July 31, 2005 claims bar date. At present there is approximately \$2,500,000 in the pre-May 18 pooled fiduciary account. The Receiver anticipates that this amount will increase, but to what amount is presently unknown.

The Receiver will file a report with the Court as soon as possible after the claim filing deadline to advise of the total amount of approved claims and any pro-rata distribution.

Please refer to the website for the Tennessee Department of Financial Institutions at [www.state.tn.us/financialinst/](http://www.state.tn.us/financialinst/) to view updates as to any reports filed with the Court.

**Questions about this notice may be directed to the Receiver for Sentinel Trust Company, Jeanne Barnes Bryant at 615-370-0051.**



PLEASE READ THIS FORM CAREFULLY AND NOTE THAT YOU ARE MAKING THE FOLLOWING STATEMENTS UNDER OATH:

**PROOF OF CLAIM**  
AGAINST

**SENTINEL TRUST COMPANY**

BEFORE ME, the undersigned Notary Public, appeared the person whose name is subscribed hereto, who states under oath that, after deducting all offsets and counterclaims the above entity is indebted to her/him as follows:

(Receiver's Use Only)

Claimant Name \_\_\_\_\_ Claim No. \_\_\_\_\_  
(Party who is executing this claim and to whom payment should be made)

Claimant Address \_\_\_\_\_  
(Street or Box Number) (City) (State) (Zip)

Contact Number \_\_\_\_\_ E-Mail \_\_\_\_\_ Tax ID# \_\_\_\_\_  
(Required)

**To the extent that the claim relates to a particular bond issue, that information is as follows:**

Bond Issue Name: \_\_\_\_\_ Cert.# \_\_\_\_\_ CUSIP# \_\_\_\_\_  
(Series No.)

Type of Claim: \_\_\_\_\_ Bond Issuer \_\_\_\_\_ Bondholder \_\_\_\_\_ Other

Amount of Claim: \_\_\_\_\_ Interest \_\_\_\_\_ Principal \_\_\_\_\_ Other

**If filing a claim other than which relates to a specific bond issue (i.e. employee or vendor), please state the following:**

Nature of Claim: \_\_\_\_\_ Amount: \_\_\_\_\_

**Please attach all supporting documentation for any claim.**

That the above is TRUE & CORRECT, justly owed, and no part of the amount claimed has been paid by Sentinel Trust Company, or any other source. Should monies from any other source be disbursed, I will contact the Receiver and report the amount.

\_\_\_\_\_  
Claimant Signature

SUBSCRIBED AND SWORN BEFORE ME, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

\_\_\_\_\_  
NOTARY NAME TYPED/PRINTED

My Commission Expires: \_\_\_\_\_

**ALL CLAIMS MUST BE PRESENTED AT THIS ADDRESS ON OR BEFORE July 31, 2005 4:30PM CST**

Receivership Management, Inc. P. O. Box 2307 Brentwood, TN 37024 or 215 Centerview Dr., Suite 133 Brentwood, TN 37027 (615) 370-0051 (Filings by Fax are not accepted)

# Receivership Management, Inc.

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P. O. Box 2307 Brentwood, TN 37024 (615) 370-0051 FAX (615) 373-4336

## NOTICE TO BONDHOLDERS REGARDING FINAL DISTRIBUTION

**\$5,000,000 Hernando County, Florida (Brooksville Heights Adult Community Project), Series 1998A, 1998B and 1998C. ("the bonds") Reportedly CUSIP #427910AK0, AL8, AM6, AN4, AP9, AQ7, AR5, AS3, AT1, AU8, AV6, AW4, AX2, AY0 and AZ7.**

Sentinel Trust Company ("the Trustee") serves as indenture trustee under that certain Mortgage and Trust Indenture dated as of June 18, 1998 between the Trustee and Hernando County, Florida (Brooksville Heights Adult Community Project) ("the Issuer"). The current outstanding principal amount of the Bonds is \$5,000,000.00.

The Receiver for Sentinel Trust Company has filed with the Chancery Court in Lewis County, Tennessee a Motion requesting approval to make a final distribution to bondholders. The estimated distribution will be approximately \$50.70 per \$1,000.00 principal amount of the Bonds. The final distribution represents the amount available for bondholders after deducting all fees incurred in connection with the collateral sale, default administration, legal and professional fees.

Please refer to the Tennessee Department of Financial Institutions website at [http://www.tnfdi.com](#) to view the Motion and Exhibits concerning these fees and expenses. The Motion for Approval for payment to bondholders will be heard by Chancellor Donald P Harris in Lewis County Chancery Court in Hohenwald, Tennessee on February 28, 2005.

**Bondholders with questions about this notice may contact the Receiver for Sentinel Trust Company, Jeanne Barnes Bryant at 615-370-0051.**

Dated: February 18, 2005

Sentinel Trust Company, as Trustee

